

Sales Tax Rate Change for Telecommunications Services Sold to Businesses

TV & Telecom tax notice

Tenn. Code Ann. Section 67-6-221 is amended by Chapter 195, Public Acts 2001, signed by the Governor of the State of Tennessee on May 10, 2001, by deleting the section in its entirety and substituting new language. The language of the new section provides for these changes:

(1) The tax rate for interstate telecommunications services sold to businesses is changed from 3.5% to a new rate of 7.5%. Interstate telecommunications services sold to businesses continue to be exempt from the local option sales tax.

(2) Of the new rate of 7.5%, 4% of the new tax revenue will be deposited in the Telecommunications Ad Valorem Tax Reduction Fund, which is created and defined by this act.

Section 6 of Chapter 195 provides that the provisions of this act and the new tax rate will be effective with bills submitted by telecommunications service providers to their customers that are dated **on or after January 1, 2002**. The first returns and payments under the new tax rate will be due at the Department of Revenue on February 20, 2002. Taxpayers filing their returns under the EFT program must make the necessary preparations to ensure that the correct amount of tax is remitted with the January 2002 return.

Have questions or comments? Please let us know. [Contact us.](#)

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